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18 DEC 1961

MEMORANDUM FOR: General Counsel

ATTENTION: Mr. John Warner

SUBJECT: Comments Concerning Draft of Proposed Legislation

1. Per your request we have reviewed the draft of proposed legislation dated 20 November 1961 as well as Public Law 87-195 and related material which you forwarded to us.

2. We have only one suggestion to offer respecting the items contained in your 20 November 1961 draft. It is suggested that the words "***and, in addition, whenever the Director deems such payment to be warranted" which appear on page 4, lines 2 and 3 of your draft, be eliminated. If payment can be made "in accordance with such regulations as the Director may prescribe", the phrase suggested for elimination would appear to be unnecessary. Moreover the selective application of separation compensation as authorized by [] is administratively awkward, and it is believed that over the long run it would be beneficial to the Agency to have the authority to consistently apply this benefit to anyone separated under [] who is not immediately eligible for retirement benefits.

3. There follows brief comments, and suggestions pertaining to other sections of PL 87-195, for your consideration in connection with the drafting of proposed legislation for the Agency:

a. Sections 203, 451, 615, 632 and 645

Some of the general provisions of these sections might be included in proposed Agency legislation to:

(1) provide authority to obligate and expend funds without fiscal year limitation; (2) provide a statutory basis for an Agency "Reserve" or contingency fund; (3) provide clarification as to the status of funds transferred between CIA and other U.S. agencies.

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- b. Section 613
This section provides that the Secretary of the Treasury has sole authority to establish exchange rates for all foreign currencies held by all agencies of the government. It also requires foreign currency inventory reports to be submitted to the Treasury Department and then presented by the Secretary of the Treasury to Congress. The literal application of this section would pose security as well as practical problems for the Agency. Exemption of CIA from this section of the Act would appear desirable.
 - c. Section 625
Consider the advisability of including in proposed CIA legislation, provisions that the DCI may authorize for CIA overseas employees the entitlement or benefits granted to Foreign Service Reserve and staff employees under the Foreign Service Act, as amended (22 U.S.C. 801, et seq). Such a provision would make it unnecessary for CIA to continuously seek individual legislative amendments in order to equalize the benefits of CIA employees with the benefits granted Foreign Service employees by amendment to the Foreign Service Act of 1946.
 - d. Section 635
Consider the advisability of including in proposed CIA legislation language similar to that in par. (g)(1) through (5) which would permit the DCI to utilize "proprietary" entities without regard to the Corporation Control Act.
 - e. Section 636
It would be advantageous for the Agency to have the authorities enumerated in par. (a), (7), (9), (10), (15), (17) and par. (c) and (d).
4. It is suggested that the following items also be considered for inclusion in proposed Agency legislation:
- a. Conferring Civil Service Status
Provision for granting Civil Service status to an Agency employee, with 10 years of honorable service, who is leaving the Agency to seek employment with another U.S. agency that does not have excepted appointment authority.

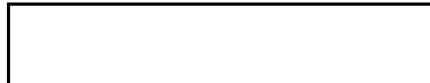
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b. Early Retirement

Provision which would permit retirement at age 50 after 20 years of service. The annuity computation to be equal to that for Foreign Service Officers (2% for each year of service) without actuarial reduction for being under age 60.

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SUBJECT: (Optional)

FROM:

Acting SSA-DD/S

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NO.

DATE

18 DEC 1961

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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General Counsel

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Attn: Mr. John Warner

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